



City of Seattle

Gregory J. Nickels, Mayor

Seattle City Light

Jorge Carrasco, Superintendent

September 23, 2005

DELIVERY VIA FEDERAL EXPRESS

Mr. Stephen J. Wright
Administrator & Chief Executive Officer
Bonneville Power Administration
Attn: Communications - DM-7
P.O. Box 14428
Portland, OR 97293-4428

Open Comment Period – Decision Point 2

Dear Mr. Wright:

Seattle City Light (“SCL”) has worked with BPA and other Northwest electric utilities over the past decade looking at mechanisms to improve the economy, efficiency and reliability of the regional high voltage electric transmission system. Two proposals to achieve this goal have been brought forward, one by the Transmission Improvements Group (TIG) and another by Grid West. SCL has been actively involved in the development of each of these proposals.

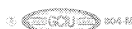
SCL agrees with many in the region that we must move forward soon with regional transmission solutions, and strive toward a comprehensive “one utility” vision on transmission issues – the status quo is unacceptable. Both the TIG and the Grid West proposals exemplify great progress toward those goals, but would achieve them somewhat differently. Both TIG and Grid West to varying degrees provide technical improvements that benefit both the transmission owner and the transmission customer while honoring existing rights for native load service. Many of the improvements proposed by TIG are similar to and compatible with the Grid West approach. However, the governance structures of the two proposals are significantly different and this has resulted in controversy between the proponents of Grid West (certain investor owned utilities and other private sector market participants) and the proponents of TIG (many publicly owned utilities). Currently it is anticipated that TIG can more quickly implement lower cost and less comprehensive improvements, while Grid West would put into place longer term, more sophisticated (and more costly) solutions.



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According to the Grid West implementation timetable and BPA's August 4, 2005 letter inviting comment, later this month BPA and other utilities plan to decide whether to (i) provide additional funding to Grid West, seat a Developmental Board and further develop that proposal over a two-year period, (ii) further develop and implement the TIG proposal, or (iii) continue the status quo. Subsequent to its August letter, BPA has initiated a series of discussions aimed at converging these two proposals, and SCL has participated in those discussions.

SCL and BPA agree that it is critical to achieve broad regional support of any transmission solution for the Pacific Northwest region – and SCL is interested in helping to develop that support. Presently neither the TIG proposal, Grid West, nor the current 'convergence' proposal enjoy sufficiently broad support to ensure that they can be successfully implemented without severely strained relations between the various regional utilities and entities. While the technical issues appear to be coalescing, governance issues remain. Fortunately, we believe there is a convergence solution that can be more broadly supported, and we have specific ideas about how the current 'convergence' proposal can be modified to achieve that. However, we believe that more time will be required to build consensus for these ideas.

Due to the importance of driving to a broader regional consensus than presently exists, BPA should not be constrained by the Grid West Decision Point 2 timeline (September 29th), but rather should take what little additional time may be necessary to implement an approach that honors the legitimate and well-intentioned concerns and suggestions of its broad but diverse stakeholder group. Convergence of the two proposals, and of BPA's stakeholder groups, will require attitudes and views to further evolve. Therefore we would recommend that BPA take no action on September 29th, but rather allow approximately 60 days additional time for the proposals and the parties to coalesce around a more acceptable convergence approach. During that time SCL commits to work with BPA and other regional interests to advance substantive ideas which we believe can bring together a broader segment of the region.

Sincerely,


Jorge Carrasco
Superintendent

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